

ANDRIS PIKALGA
MEMBER OF THE EUROPEAN COMMISSION

Brussels, 14 -11- 2007
CAB 25 PV/jh D(2007) 1311

Dear Mr Danielsson,

I refer to our very constructive meeting on 30 October and your letter dated 10 October 2007, for which I thank you.

As discussed, we are currently drafting the new comprehensive Directive on the promotion of renewable energy sources, which is planned to be adopted together with proposals on greenhouse gas burden-sharing and the EU emissions trading scheme, in January 2008. The Commission is well aware of the importance of this Directive which will set the overall framework for the promotion of renewable energy for the next decade. Flexibility in meeting renewable energy targets is one of the key issues in the design of this legislative proposal. Other key issues include the method for allocating the overall 20% target amongst Member States; the design of the sustainability scheme for biofuels; and actions to reduce administrative barriers hampering the development of renewables.

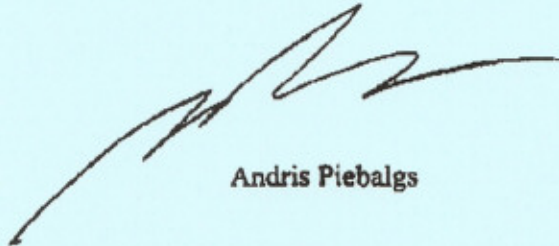
Returning to our discussions, and given the ambitious and binding nature of the 20% target for the share of renewable energy consumption in the EU by 2020, Member States need flexibility to reach their targets in a cost effective manner by allowing Member States to support renewable energy produced and consumed in another Member States instead of deploying more expensive domestic resources. This flexibility requires a reliable and robust European guarantee of origin regime, where a guarantee of origin would certify the "greenness" of the renewable energy produced and consumed.

The Commission is well aware of the efficiency and effectiveness of the different support mechanisms in place in Member States to promote renewables. We recognise the success of certain support schemes, such as the Germany and Spain feed-in tariff systems, in promoting the use of renewable energy sources in the electricity sector and in reaching their target for 2010. The Commission plans to adopt, together with the integrated renewables and climate legislative proposals in January 2008, a follow-up report to the 2005 Communication on the "The support of electricity from renewable energy sources". This report will further assess the evolution of the performance of national support schemes.

Our current thinking is that flexibility based on guarantees of origin should be able to co-exist with existing national support schemes without forcing Member States to change these as a result of new EU arrangements. The Commission is well aware of the importance of a stable legislative framework and its long-term predictability in order to ensure investor confidence. The challenge of drafting the new comprehensive Directive on renewable energy is to find a right balance between providing the necessary long-term and stable investment framework needed for developing renewables and creating the right incentives for achieving the national binding target on renewable energy in a cost-efficient manner.

I and my services have taken due account of your views and concerns on this matter. I note that you have arranged to meet Peter Vis, a member of my Cabinet, again on 11 December 2007.

Yours sincerely,



Andris Piebalgs

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